

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2002**

| | Month Ended 8/31/2002 | | | | Month Ended 7/31/2002 | | | | Current | Prior Year | 3 Years | 5 Years |
|--|-----------------------|--------------|--------------|---------------|-----------------------|--------------|--------------|----------------|----------------|----------------|---------------|--------------|
| | Allocation | | | | Allocation | | | | Fiscal YTD | FY02 | Ended | Ended |
| | Market Value | Actual | Policy | Net ROR | Market Value | Actual | Policy | Net ROR | Net ROR | Net ROR | 6/30/2002 | 6/30/2002 |
| | | | | | | | | | | | Net | Net |
| LARGE CAP DOMESTIC EQUITY | | | | | | | | | | | | |
| <i>Structured Growth</i> | | | | | | | | | | | | |
| <i>AllianceBernstein</i> | 20,662,744 | 2.0% | 2.3% | 2.32% | 20,205,496 | 2.0% | 2.3% | -7.03% | -4.88% | -28.98% | -16.11% | N/A |
| <i>Russell 1000 Growth</i> | | | | 0.30% | | | | -5.50% | -5.22% | -26.49% | -16.15% | N/A |
| <i>Structured Value</i> | | | | | | | | | | | | |
| <i>LSV</i> | 47,984,597 | 4.6% | 4.5% | 0.20% | 47,904,046 | 4.7% | 4.5% | -7.94% | -7.76% | 2.72% | 5.54% | N/A |
| <i>Russell 1000 Value</i> | | | | 0.75% | | | | -9.30% | -8.62% | -8.96% | -4.87% | N/A |
| <i>Enhanced Russell 1000 Index</i> | | | | | | | | | | | | |
| <i>LA Capital (Wilshire)</i> | 44,798,602 | 4.3% | 4.5% | 0.66% | 44,528,133 | 4.4% | 4.5% | -7.52% | -6.91% | -17.00% | N/A | N/A |
| <i>Russell 1000</i> | | | | 0.75% | | | | -9.30% | -8.62% | -17.89% | N/A | N/A |
| <i>Enhanced S&P 500 Index</i> | | | | | | | | | | | | |
| <i>Northern Trust</i> | 43,548,448 | 4.2% | 4.5% | 0.71% | 43,256,020 | 4.2% | 4.5% | -7.48% | -6.83% | -16.98% | N/A | N/A |
| <i>Strong</i> | 43,964,081 | 4.3% | 4.5% | 0.17% | 43,686,188 | 4.3% | 4.5% | -7.95% | -7.79% | -20.23% | N/A | N/A |
| <i>Westridge</i> | 53,169,250 | 5.1% | 4.5% | 0.67% | 52,901,159 | 5.2% | 4.5% | -7.69% | -7.07% | -17.54% | N/A | N/A |
| Total Enhanced S&P 500 Index | 140,681,779 | 13.6% | 13.5% | 0.53% | 139,843,367 | 13.7% | 13.5% | -7.71% | -7.22% | -18.23% | N/A | N/A |
| <i>S&P 500</i> | | | | 0.66% | | | | -7.80% | -7.19% | -17.98% | N/A | N/A |
| <i>S&P 500 Index</i> | | | | | | | | | | | | |
| <i>State Street</i> | 49,318,436 | 4.8% | 5.3% | 0.66% | 48,994,975 | 4.8% | 5.3% | -7.78% | -7.17% | -17.96% | -9.14% | 3.67% |
| <i>S&P 500</i> | | | | 0.66% | | | | -7.80% | -7.19% | -17.98% | -9.18% | 3.67% |
| TOTAL LARGE CAP DOMESTIC EQUITY | 303,446,157 | 29.4% | 30.0% | 0.64% | 301,476,017 | 29.5% | 30.0% | -7.67% | -7.08% | -17.13% | -9.48% | 2.68% |
| <i>S&P 500</i> | | | | 0.66% | | | | -7.80% | -7.19% | -17.98% | -9.18% | 3.67% |
| SMALL CAP DOMESTIC EQUITY | | | | | | | | | | | | |
| <i>Manager-of-Managers</i> | | | | | | | | | | | | |
| <i>SEI</i> | 76,232,110 | 7.4% | 8.0% | 0.75% | 75,712,817 | 7.4% | 8.0% | -13.68% | -13.03% | -11.87% | N/A | N/A |
| <i>Russell 2000 + 200bp</i> | | | | -0.09% | | | | -14.93% | -15.01% | -6.68% | N/A | N/A |
| TOTAL SMALL CAP DOMESTIC EQUITY | 76,232,110 | 7.4% | 8.0% | 0.75% | 75,712,817 | 7.4% | 8.0% | -13.68% | -13.03% | -11.87% | 1.18% | 1.95% |
| <i>Russell 2000</i> | | | | -0.26% | | | | -15.10% | -15.32% | -8.59% | 1.67% | 4.44% |
| INTERNATIONAL EQUITY | | | | | | | | | | | | |
| <i>Large Cap - Core</i> | | | | | | | | | | | | |
| <i>State Street</i> | 14,726,474 | 1.4% | 1.6% | -0.59% | 14,810,446 | 1.4% | 1.6% | -9.69% | -10.23% | -11.74% | -6.76% | -2.26% |
| <i>MSCI EAFE - 50% Hedged</i> | | | | -0.24% | | | | -10.04% | -10.26% | -14.62% | -5.75% | 0.27% |
| <i>Large Cap - Active</i> | | | | | | | | | | | | |
| <i>Capital Guardian</i> | 38,322,372 | 3.7% | 4.0% | -1.70% | 39,012,138 | 3.8% | 4.0% | -10.69% | -12.20% | -13.17% | -1.00% | 5.76% |
| <i>Bank of Ireland</i> | 8,424,945 | 0.8% | 0.8% | -0.74% | 8,501,871 | 0.8% | 0.8% | -10.05% | -10.72% | N/A | N/A | N/A |
| Total Large Cap - Active | 46,747,317 | 4.5% | 4.8% | -1.53% | 47,514,009 | 4.6% | 4.8% | -10.57% | -11.94% | -12.19% | -0.63% | 6.00% |
| <i>MSCI EAFE - 50% Hedged</i> | | | | -0.24% | | | | -10.04% | -10.26% | -14.62% | -5.75% | 0.27% |
| <i>Small Cap - Active</i> | | | | | | | | | | | | |
| <i>Lazard</i> | 9,056,404 | 0.9% | 0.8% | -1.56% | 9,201,991 | 0.9% | 0.8% | -8.36% | -9.79% | N/A | N/A | N/A |
| <i>Wellington</i> | 8,864,335 | 0.9% | 0.8% | -2.38% | 9,091,791 | 0.9% | 0.8% | -5.78% | -8.02% | N/A | N/A | N/A |
| Total Small Cap - Active | 17,920,739 | 1.7% | 1.6% | -1.97% | 18,293,783 | 1.8% | 1.6% | -7.10% | -8.92% | N/A | N/A | N/A |
| <i>SSB BROAD MARKET INDEX < \$2BN</i> | | | | -0.90% | | | | -6.90% | -7.74% | N/A | N/A | N/A |
| TOTAL INTERNATIONAL EQUITY | 79,394,531 | 7.7% | 8.0% | -1.45% | 80,618,238 | 7.9% | 8.0% | -9.64% | -10.96% | -10.49% | -2.94% | 2.40% |
| <i>MSCI EAFE - 50% Hedged</i> | | | | -0.24% | | | | -10.04% | -10.26% | -14.62% | -5.75% | 0.27% |
| EMERGING MARKETS EQUITY | | | | | | | | | | | | |
| <i>Capital Guardian</i> | 48,987,379 | 4.7% | 5.0% | 2.11% | 47,973,196 | 4.7% | 5.0% | -9.20% | -7.28% | -5.69% | -5.69% | -6.04% |
| <i>MSCI Emerging Markets Free</i> | | | | 1.54% | | | | -7.61% | -6.19% | 1.30% | -6.34% | -8.42% |
| DOMESTIC FIXED INCOME | | | | | | | | | | | | |
| <i>Core Bond</i> | | | | | | | | | | | | |
| <i>Western Asset</i> | 49,850,746 | 4.8% | 4.4% | 2.65% | 53,392,187 | 5.2% | 4.4% | -0.11% | 2.53% | 8.87% | 8.93% | 8.26% |
| <i>Lehman Aggregate</i> | | | | 1.69% | | | | 1.21% | 2.92% | 8.62% | 8.10% | 7.57% |
| <i>Active Duration</i> | | | | | | | | | | | | |
| <i>Criterion</i> | 49,037,195 | 4.7% | 4.4% | 1.62% | 53,136,191 | 5.2% | 4.4% | 0.03% | 1.65% | 6.00% | 7.60% | 7.09% |
| <i>Lehman Aggregate</i> | | | | 1.69% | | | | 1.21% | 2.92% | 8.62% | 8.10% | 7.57% |

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|--|-----------------------|----------------|----------------|---------------|-----------------------|----------------|----------------|---------------|---------------|----------------|------------------|------------------|
| | Allocation | | | | Allocation | | | | Fiscal YTD | FY02 | Ended | Ended |
| | Market Value | Actual | Policy | Net ROR | Market Value | Actual | Policy | Net ROR | Net ROR | Net ROR | 6/30/2002 Net | 6/30/2002 Net |
| Index | | | | | | | | | | | | |
| Bank of ND | 60,794,462 | 5.9% | 5.3% | 2.06% | 61,933,680 | 6.1% | 5.3% | 1.62% | 3.70% | 9.56% | 8.03% | 7.55% |
| Bank of ND Match Loan CD Program | 17,078,359 | 1.7% | 1.7% | 0.48% | 17,133,794 | 1.7% | 1.7% | 0.48% | 0.95% | 5.79% | 5.86% | 5.90% |
| Total Index | 77,872,821 | 7.5% | 7.0% | 1.65% | 79,067,474 | 7.7% | 7.0% | 1.32% | 2.99% | 9.68% | 7.81% | 7.47% |
| Lehman Gov/Corp | | | | 2.24% | | | | 1.20% | 3.47% | 8.24% | 7.85% | 7.47% |
| Convertibles | | | | | | | | | | | | |
| TCW | 46,757,908 | 4.5% | 4.4% | 2.29% | 45,300,082 | 4.4% | 4.4% | -7.54% | -5.41% | -21.20% | -2.06% | N/A |
| First Boston Convertible Index | | | | 0.54% | | | | -6.25% | -5.74% | -12.44% | 0.11% | N/A |
| BBB Average Quality | | | | | | | | | | | | |
| Strong | 48,421,759 | 4.7% | 4.4% | 2.78% | 50,416,365 | 4.9% | 4.4% | -3.45% | -0.77% | 3.16% | 6.83% | N/A |
| Lehman BBB | | | | 3.56% | | | | -2.23% | 1.25% | 5.85% | 4.75% | N/A |
| Timberland | | | | | | | | | | | | |
| Evergreen (Wachovia) (1) | 35,660,096 | 3.5% | 3.5% | -0.07% | 35,451,527 | 3.5% | 3.5% | -0.07% | -0.15% | N/A | N/A | N/A |
| | | | | | | | | | | 0.00% | 0.00% | 0.00% |
| TOTAL DOMESTIC FIXED INCOME | 307,600,525 | 29.8% | 28.0% | 1.89% | 316,763,826 | 30.9% | 28.0% | -1.37% | 0.50% | 2.56% | 6.70% | 6.56% |
| Lehman Aggregate | | | | 1.69% | | | | 1.21% | 2.92% | 8.62% | 8.10% | 7.57% |
| HIGH YIELD BONDS | | | | | | | | | | | | |
| Western Asset | 55,167,806 | 5.3% | 5.0% | 2.51% | 53,818,354 | 5.3% | 5.0% | -3.79% | -1.38% | -6.08% | -3.89% | 4.16% |
| Lehman High Yield Bond Index | | | | 2.85% | | | | -4.37% | -1.64% | -3.60% | -2.31% | 0.68% |
| INTERNATIONAL FIXED INCOME | | | | | | | | | | | | |
| International Core | | | | | | | | | | | | |
| UBS Global (Brinson) | 60,151,707 | 5.8% | 5.0% | 1.49% | 61,252,263 | 6.0% | 5.0% | 0.30% | 1.79% | 16.83% | 2.39% | 2.43% |
| Salomon Brothers Non-US Gov't Bond Index | | | | 1.63% | | | | 0.57% | 2.21% | 15.72% | 3.14% | 3.03% |
| REAL ESTATE | | | | | | | | | | | | |
| JMB | 1,025,255 | | | 0.71% | 1,047,292 | | | 0.71% | 1.43% | 0.92% | 1.25% | 7.60% |
| INVESCO | 26,702,075 | | | -0.85% | 26,628,016 | | | -0.85% | -1.70% | 2.61% | 7.70% | N/A |
| J.P. Morgan | 28,829,583 | | | 0.23% | 28,680,806 | | | 0.23% | 0.46% | 4.10% | 9.60% | 11.72% |
| TOTAL REAL ESTATE (1) | 56,556,913 | 5.5% | 5.0% | -0.34% | 56,356,114 | 5.5% | 5.0% | -0.34% | -0.68% | 3.35% | 8.64% | 9.66% |
| NCREIF TOTAL INDEX | | | | 0.56% | | | | 0.55% | 1.12% | 6.79% | 9.41% | 11.96% |
| ALTERNATIVE INVESTMENTS | | | | | | | | | | | | |
| Brinson IVCF II | 296,090 | | | -0.35% | 296,984 | | | -0.35% | -0.69% | -28.90% | 3.96% | 21.27% |
| Coral Partners II | 300,784 | | | -6.45% | 305,552 | | | -6.45% | -12.48% | -53.48% | -30.67% | -16.01% |
| Coral Partners V | 10,389,562 | | | -0.21% | 10,345,369 | | | -0.21% | -0.41% | -46.32% | -3.46% | N/A |
| Coral Partners V - Supplemental | 725,537 | | | -0.37% | 722,451 | | | -0.37% | -0.75% | N/A | N/A | N/A |
| Coral Partners VI | 601,000 | | | 0.00% | 598,443 | | | 0.00% | 0.00% | N/A | N/A | N/A |
| Brinson 1998 Partnership Fund | 2,209,213 | | | 0.15% | 2,199,816 | | | 0.15% | 0.29% | -15.23% | 8.66% | N/A |
| Brinson 1999 Partnership Fund | 2,514,677 | | | -2.09% | 2,503,980 | | | -2.09% | -4.14% | -21.70% | -0.85% | N/A |
| Brinson 2000 Partnership Fund | 3,370,074 | | | -1.96% | 3,355,739 | | | -1.96% | -3.88% | -14.95% | N/A | N/A |
| Brinson 2001 Partnership Fund | 743,658 | | | -1.31% | 740,495 | | | -1.31% | -2.60% | -6.22% | N/A | N/A |
| Brinson 2002 Partnership Fund | 354,263 | | | 0.12% | 144,607 | | | 0.12% | 0.23% | N/A | N/A | N/A |
| Total Brinson Partnership Funds | 9,191,885 | | | -1.39% | 8,944,637 | | | -1.39% | -2.76% | N/A | N/A | N/A |
| Brinson 1999 Non-US Partnership Fund | 942,824 | | | -0.76% | 938,814 | | | -0.76% | -1.51% | -7.68% | -3.51% | N/A |
| Brinson 2000 Non-US Partnership Fund | 837,674 | | | -0.39% | 834,110 | | | -0.39% | -0.79% | -6.51% | N/A | N/A |
| Brinson 2001 Non-US Partnership Fund | 447,146 | | | -1.41% | 445,244 | | | -1.41% | -2.81% | -4.85% | N/A | N/A |
| Brinson 2002 Non-US Partnership Fund | 177,741 | | | 0.00% | 176,985 | | | 0.00% | 0.00% | N/A | N/A | N/A |
| Total Brinson Non-US Partnership Fund | 2,405,384 | | | -0.70% | 2,395,153 | | | -0.71% | -1.41% | N/A | N/A | N/A |
| Brinson BVCF IV | 6,327,496 | | | -3.19% | 5,821,827 | | | -3.19% | -6.28% | -29.16% | -17.06% | N/A |
| CSFB | 7,812,998 | | | 0.00% | 7,779,764 | | | 0.00% | 0.00% | N/A | N/A | N/A |
| InvestAmerica | 72,120 | | | 0.00% | 71,813 | | | 0.00% | 0.00% | N/A | N/A | N/A |
| Hearthstone | 4,220,392 | | | -2.22% | 3,842,949 | | | -2.22% | -4.39% | 4.99% | N/A | N/A |
| TOTAL ALTERNATIVE INVESTMENTS (1) | 42,343,249 | 4.1% | 5.0% | -1.11% | 41,124,941 | 4.0% | 5.0% | -1.30% | -2.40% | -29.02% | -0.51% | 7.25% |
| Post Venture Capital Index | | | | -1.69% | | | | -12.55% | -14.03% | -44.30% | -26.03% | -6.83% |
| CASH EQUIVALENTS | | | | | | | | | | | | |
| Northern Trust STIF/STEP | 3,269,239 | 0.3% | 1.0% | 0.03% | (11,498,644) | -1.1% | 1.0% | 0.02% | 0.05% | 2.29% | 4.72% | 5.01% |
| 90 Day T-Bill | | | | 0.14% | | | | 0.15% | 0.29% | 2.63% | 4.67% | 4.84% |
| TOTAL FUND | 1,033,149,615 | 100.00% | 100.00% | 0.97% | 1,023,597,121 | 100.00% | 100.00% | -5.18% | -4.26% | -6.83% | -0.78% | 4.64% |
| POLICY TARGET BENCHMARK | | | | 0.89% | | | | -5.17% | -4.32% | -5.63% | -1.32% | 4.65% |

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Monthly returns estimated based on prior quarters' returns.